

DR2 RFP WORKSHOP AND EMAIL QUESTIONS AND ANSWERS

As of November 21, 2012

1. Can the funds be utilized for ground up/new construction?

New construction While CDBG funds may generally not be used for new construction, under this DR2 program these funds may be used for new construction. **(Eligible Activities - page 8)**

2. Is there a funding allocation limit per project?

Loan Amounts Applicants should make a specific loan request to the City. The request should be the *difference between (a) the Applicant's equity plus commercially available debt or other capital contributions; and (b) the project costs*. As a policy, the City desires to provide adequate funding to each approved transaction to increase the availability of affordable units at approved standards without over-subsidizing the project or increasing the risk associated with too much leverage in a project. **(Financing Terms and Loan/Grant Limits - page 13)**

3. If we are acquiring property for a project, are there any federal regulations that apply or documentation we need to provide?

Yes, URA- Acquisition; Demolition-Conversion; and Temporary Relocation requirement are posted on our website at <http://www.houstontx.gov/housing/URA.html>.

4. Would sites in the Greater Third Ward be considered eligible?

Please refer to the map of Neighborhoods of Opportunity. First consideration will be given to sites/projects located within or immediately adjacent to those Neighborhoods. If we are unable to expend all of the available funds on sites/projects within, or adjacent to, the Neighborhoods, we will consider proposals for sites in other locations outside the Neighborhoods.

5. Does HCDD anticipate the funding being used to leverage 2013 9% Tax Credits?

HCDD will consider providing funding to leverage 9% Tax Credits, but the timing does not work as we will be making awards by February, well in advance of the TC award cycle. Developers that wish to participate with the City and TC's would have to provide evidence of other available funding in the event that the TC's do not materialize. HCDD anticipates that for some projects 4% Tax Credits which do not have such a strict timeline might be used to leverage funds.

6. Do you have to prove hurricane damage?

Yes, but this DRF is not necessarily for the repair of damage, but to provide housing for those that were most effected by Hurricane Ike. Insurance claims (received or denied), date stamped pictures of damage, invoices for repairs, or other documentation will be considered to prove damage. The sufficiency of the documentation to meet our needs will be determined at HCDD's sole discretion.

If a new site for new construction has been selected, then location within the defined areas is adequate proof of hurricane damage.

7. Can you further explain the rent to income ratio of 2:1 or lower further and provide an example of how that plays out for a real household with a monthly income of \$1,000 or \$2,000 per month?

We will post a sample Tenant Selection Plan soon, but you must structure your rent to income ratio requirements such that LMI residents are not denied residency solely on the basis of that ratio.

8. The RFP says deeper subsidy can be provided if we target more low-income units. Will you fund up to 70% of a project?

For the “right” unit mix for the “right” project, yes.

9. Is there a revitalization plan active in the East Downtown Area?

Not that is applicable for this RFP

10. TIRZ #15 – is there a chance this area will be revised/expanded in 2013?

Unsure. Contact TIRZ #15 administrators.

11. Does the percentage of “affordable” units apply only to the units receiving a subsidy, and not to other units in a larger project program, which includes privately financed units?

CDBG Regulations require that a minimum of 51% of the units produced with CDBG funds (which covers the DRF of this RFP) must be restricted for those who make no more than 80% of Area Median Income, and this applies on a project by project basis. So, no project will have fewer than 51% affordable units.

12. What is the relationship of rental rates to the size of the apartment units, other than HUD family-sized criteria?

The rental rates are set based upon the number of bedrooms per unit, not on square footage. These rates per bedroom are published by HUD and posted with the RFP.

13. Are single-family attached rentals encouraged?

Not necessarily.

14. Is the 60 units minimum flexible – not easy to find larger developable sites in these neighborhoods?

Only unless we cannot expend the funds on projects with greater than the 64 unit minimum, but that is not a guarantee that we will consider multifamily projects of less than 64 units at any point. HCDD has determined that 64 units is the minimum number of units that must be included in a project to justify the administrative and project delivery costs which will be incurred by HCDD managing the process to fund and see a project through to completion of the Affordability Period.

15. How long will you have to close after you get an award?

Closing will depend on the project, but will occur after a Loan Agreement has been approved by City Council. Anticipate 120 days from award for Council approval. An estimated Closing Date will be determined after a project has received an award.

16. Can you provide detail on acquisition and hard cost? Is that a loan limit?

Except in certain instances, yes, the sum of acquisition and hard cost would set a maximum loan amount that HCDD will consider.

17. What is the bigger time line for delivery of units?

HCDD will be bound by a Contract with the General Land Office and does not envision that any construction activities will be allowed after October 1, 2015. However, HCDD will endeavor to deliver units prior to that date.

18. Your calendar showed a proposal due tomorrow! What exactly are you looking for on 11/16/12? What level of detail?

HCDD began accepting Applications on November 16, but will continue to accept Applications until 5:00 p.m. on January 7, 2013.

19. Are the RFPs submitted in March 2012 automatically put in this round?

No. You must complete this RFP Application and submit with the Application Fee to be considered. You do not have to duplicate information provided in your March 2012 Application, but you must update information where necessary and note where previously submitted information meets the request for information under this RFP.

20. Can a developer fee be included in a deal if it is funded through another source like Bonds, etc?

Yes, as long as HCDD is not funding the Developer Fee.

21. Submission for the multifamily is November 16. What is the submission date for single-family?

There is no such date. Single family construction/development will be administered in-house.

22. COH, Overhead and Builders Profit really not paid for out of contributed funds if contractor related to the Applicant?

HCDD will not fund general conditions, profit, nor construction overhead for a contractor which is a related entity to the Applicant. Similar to the Developer Fee, those costs may be funded with funds from other sources.

23. What do you require to create a new Node?

Please refer to the RFP and the description of a Node. Creation of a Node should include the aspects necessary to create a vibrant community.

24. What criteria will be used to evaluate developer-created Nodes?

Evaluation of a Node is more subjective. We need to be convinced that the services and other aspects necessary to serve the community and initiate or contribute to revitalization of the area are present.

25. Are you providing subsidies to encourage mixed use multifamily developments – multi-story with retail on the ground floor?

Please refer to the RFP. Mixed-use is acceptable.

26. Are you requiring a certain percent of revitalization efforts and use of the funds in the target areas or nodes of opportunity areas?

At the present time, our goal is to expend all of the funds in the Target Areas. Not all Nodes identified on the map produced by LISC will receive funding.

27. What is the funding? I thought the 1st speaker said \$60 million for single-family and \$40 million for multifamily, but the slides said \$50 million multifamily and \$6.3 million single-family.

This RFP is for approximately \$50 million available for construction hard costs for multifamily development, and \$6.3 million for single-family **rental** hard costs.

Single-family owner occupied housing is a separate part of the Hurricane Ike Disaster Recovery program.

28. Is the registration fee for a nonprofit?

Yes.

29. Does a nonprofit need a personal guarantee?

It is preferred.

30. In light of the stated desire for a comprehensive revitalization approach, how will the department ensure that the single-family activity and the multifamily activity fit together?

Once the multi-family sites have been identified, the single-family team will begin mobilizing to produce single-family housing in the vicinity. So, multi-family Applicants should consider identifying viable single-family sites within the same vicinity as the proposed multi-family site.

31. What will be the single-family approach?

The single-family rental approach is somewhat new to HCDD, and there is not a pre-conceived concept for this portion of the DRF.

32. What is the effect on the point score if the site is outside the Node, but inside the opportunity neighborhood?

The Nodes identified from the LISC report are not mandatory locations, so locating a site within one of those Nodes does not result in an increased point award for Threshold.

33. There is an attached detailed checklist broken down into 7 sections – at the top it says an application will be considered ineligible if all items listed are not provided. Then on page 3, another checklist is provided. Which is actually required for the RFP (I am assuming the one on page 3 but just want to make sure)

An Applicant must respond in some manner, even if the answer is N/A or TBD, to all items requested in the Application to be eligible for scoring. An Applicant's responses to the items that make up Threshold will be used to decide if an Application is worthy of moving on to underwriting as the next step in the process towards receiving an award. It is these Threshold items that are listed on page 3 of the RFP.

34. Can you please explain what the check boxes are and what we do with them at the top of Tab 2? They say Priority 1, Priority 2, Priority 3, etc.

The check boxes are there if you submit more than one application, i.e. XYZ Proposal X Priority 1... ABC Proposal X Priority 2

35. On Tab 2, Board Member's Box, if we do not have any Board members do we still need to fill out this box?

No, but explain why you are not providing the information. This applies to any such information requested in the Application which does not apply to your particular situation or circumstance.

36. Tab 4, Part 1 – Populations served. Can more than one group be served and are there any minimums/maximums for that group? Can you please define family, larger family and single/non elderly?

Yes, more than one LMI economic group may be served, and is preferred. Please refer to the RFP.

Please refer to the HUD definitions for family, larger family, and single/non-elderly.